



for SENIORS

NEWS FOR SENIORS FROM REP. KEN CALVERT, 43RD DISTRICT, CALIFORNIA

SUMMER 2001

Tax Relief For All Americans A Reality The Economic Growth and Tax Relief Reconciliation Act of 2001

The issue of tax relief has taken an interesting turn this year. President Bush shifted the focus from a rancorous, partisan debate over if there will be tax relief, to a bipartisan discussion of how much tax relief Americans need. The result: the passage by Congress and signing into law by the President of the largest tax relief measure in 20 years. Following is a time line of this incredible feat and what you can personally expect financially as a taxpayer:

June 1, 2001 — President Bush signs The Economic Growth and Tax Relief Reconciliation Act, the largest tax relief measure in 20 years.

July 1, 2001 — Across-the-board tax relief begins. Employers will begin withholding one percent less of American workers' monthly paychecks.

July 16, 2001 — Taxpayers will begin receiving letters from the IRS describing the amount of the refund, the week it will be sent, and the possibility of an offset for any outstanding debts or back taxes owed. The IRS will also send a letter of explanation to taxpayers who are not eligible for a refund.

July 23 to September 24, 2001 — Over 96 million refund checks will be mailed based on the last two digits of a taxpayer's Social Security number, starting with Social Security numbers ending in 00-09.

In total, Americans will receive \$38 billion in Tax Relief. Single taxpayers will receive up to \$300, heads of households will receive up to \$500, and married couples will receive as much as \$600.

Additionally, The Economic Growth and Tax Relief Reconciliation Act of 2001 enacts these provisions:

- Across-the-Board Tax Rate Reductions
- IRA Contribution Limit Increase to \$5,000
- Marriage Penalty Repeal
- 401K Contribution Limit Increase to \$15,000
- Child Tax Credit Increase

How to Contact Congressman Ken Calvert

Washington D.C. Office:

2201 Rayburn House
Office Building
Washington, DC 20515
202/225-1986

Riverside Office:

3400 Central Avenue
Suite #200
Riverside, CA 92506
909/784-4300

Website:

www.house.gov/calvert



Dear Neighbor:

2001 marks a unique time in politics, when we have a Republican House of Representatives, Democratic Senate and Republican President who have already shown incredible bi-partisanship in passing legislation for the people of the United States. It is going to be an interesting two years and I feel fortunate to play a part in them.

President Bush's plain-spoken and straightforward leadership is replacing a culture of gridlock and cynicism in Washington with a constructive spirit of respect and results. The outcome has allowed President Bush to lead with a steady and measured hand while addressing many of America's most pressing problems - from tax relief, education, energy and the economy to foreign affairs, poverty and Medicare reform. He is proving just how much can be accomplished when both political parties focus on results instead of focusing on who gets the credit.

On a more regional note, the electricity crisis is and will remain the number one issue for Californians in the foreseeable future. As a California resident and ratepayer, I share your concerns about our electricity crisis. Our power bills and gas prices continue to climb and we face the ever-growing threat of blackouts. We must act now to address the short term price problems and work towards a long-term solution to our lack of energy supply. First, you will be happy to know that on June 12, 2001, I wrote a letter to the Federal Energy Regulatory Commission (FERC) that urged them to broaden their market mitigation plan and to:

- 1) Aggressively monitor wholesale electricity rates and control the market to ensure that these rates are reasonable.
- 2) Penalize wholesalers involved in price gouging.
- 3) Prohibit unnecessary generation outages and failures to comply with agreements to sell power.

I was pleased that on June 18 FERC agreed to take the above actions. As a result of their earlier mitigation in the wholesale market, wholesale prices plummeted from \$400 per megawatt hour to \$41 per megawatt hour. FERC's response to my request further fuels my belief that we are on the road to recovery. Be assured that I will continue to monitor this situation closely so as to ensure that the lights stay on in California and that consumers are charged fair and reasonable utility rates.

In the meantime, I encourage you to read about how Congress and the President are working to assure Social Security solvency, my role in the 107th Congress, tax relief and much more. And, as always, I value your feedback.

Ken Calvert's New Committee Assignments

In the 107th Congress (2001-2002), I will be serving on the Armed Services Committee, Resources Committee and Science Committee. Additionally, I will continue to Co-Chair the Generic Drug Equity Caucus with Congressman Alan Mollohan (D-WV) to educate Congress about the very REAL solution generic drugs offer to improve access and lower costs to prescription drugs.

On the Resources Committee, I will serve as Chairman of the Water and Power Subcommittee overseeing federal water rights in the west, including hydro-power generated from federal water projects. Water is important not only to the people of California, but to our state's economic vitality well into the new millennium.

On the Armed Services Committee, I have secured a seat on the Military Installations and Facilities (MilCon) Subcommittee and a seat on the Research and Development Subcommittee. These two subcommittees will allow me to address what I consider to be our armed forces' top priorities, including: assigning C-17s to reserve units, improving quality of life, retaining and recruiting qualified personnel, and establishing a National Missile Defense.

On the Science Committee, I also secured seats on two subcommittees: the Space and Aeronautics Subcommittee and the Energy Subcommittee. These assignments allow me to oversee energy generation, both traditional and alternative sources, and space issues.

*Over the past five years,
Congress has added over \$44
billion to the President's total
defense spending requests:*

I have worked hard to put myself in a position where I can address those issues most important to the Inland Empire and the citizens of California — these Committee assignments allow me to fully realize this goal.

Budget Highlights

- Places the entire \$2.6 trillion Social Security Surplus "off-limits" to other Washington spending.
- Provides for healthcare reform that modernizes Medicare, including prescription drug coverage estimated at \$153 billion over 10 years.
- Eliminates \$2.3 trillion in public debt by 2011.
- Makes a \$44.5 billion commitment to education, an increase of 11.5 percent.
- Provides \$324.5 billion, or a 4.6 percent increase, in defense spending including a national defense review.

Social Security Solvency

On March 28th the House of Representatives passed the Fiscal Year 2002 Budget, which locked away all \$2.6 trillion of the Social Security surpluses - placing Social Security surpluses off-limits from any other Washington spending. However, setting aside the expected surpluses over the next few years is not enough, Social Security must also be modernized and strengthened.

Why is it Important to Strengthen Social Security? Strengthening Social Security will protect the benefits of current seniors by making the system solvent and sound. Bipartisan reform will also help ensure that future generations of seniors will have an opportunity to maximize their retirement dollars.

According to a recent Social Security Trustee report, Social Security payroll taxes would no longer be sufficient to pay full promised benefits by 2016, therefore forcing us to use the Social Security surpluses to make up the difference. And by 2038 even the Social Security surplus would be used up causing Social Security to become bankrupt – an outcome that the President and Congress are determined to prevent.

Therefore, on May 2nd President Bush signed an Executive Order creating a bipartisan, 16-member, commission to study and report back this fall with specific recommendations to preserve Social Security for seniors while building retirement wealth for younger Americans. The commission will be co-chaired by former Senator Patrick Moynihan (D-NY) and Dick Parson, Co-Chief Operating Officer of AOL/Time Warner.

The commission will make recommendations to modernize and restore fiscal soundness to Social Security, using key principles developed by the President as a road-map:

- Modernization must not change Social Security benefits for retirees or near-retirees.
- The entire Social Security surplus must be dedicated to Social Security only.
- Social Security payroll taxes must not be increased. Government must not invest Social Security funds in the stock market.
- Modernization must preserve Social Security's disability and survivors components.
- Modernization must include individually controlled, voluntary personal retirement accounts, which will augment the Social Security safety net.
- President Bush has split the new commission evenly with eight Republicans and eight Democrats - proof of his commitment to bipartisanship.